

## Message Text

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44

ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 L-03 DOTE-00 DRC-01 /106 W

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R 121057Z SEP 73

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 7202

INFO AMCONSUL ZAGREB

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E.O. 11652: N/A

TAGS: BTRA, YO

SUBJECT: PULLMAN-STANDARD NEGOTIATIONS

REFS: A. BELGRADE 3413 B. ZAGREB 433

1. MISO OCTENJAK, BUJE EXPORT, SOUGHT OUT ECONOMIC/COMMERCIAL COUNSELOR AND CONGEN OFFICER AT ZAGREB FAIR TO DISCUSSS PROPOSED PULLMAN DEAL WITH ASSOCIATED ENTERPRISE FOR MACHINE BUILDING (MAG) FOR JOINT PRODUCTION OF 4,000 FREIGHT CARS. ACCORDING TO OCT-ENJAK, ASSOCIATION OF LOCOMOTIVE RAILROAD CAR MANUFACTURING (ILV) IS TAKING ACTION BLOCK CONCLUSION MAG AGREEMENT WITH PULLMAN. HE SAID LETTER WOULD BE SENT TO PULLMAN CONTAINING CONDITIONS THAT WERE PREVIOUSLY UNACCEPTABLE APPARENTLY IN HOPE THAT PULLMAN WOULD WITHDRAW FROM COMPETITION.

2. OCTENJAK WENT ON TO EXPLAIN THAT CERTAIN ELEMENTS IN ILV WERE INTERESTED IN WORKING OUT ARRANGEMENT WITH WEST EUROPEAN PRODUCERS AND BANKING INTERESTS UNDER WHICH YUGOSLAVS WOULD MANUFACTURE 80 PERCENT OF COMPONENTS FOR FREIGN CARS. NOTED THAT YUGOSLAV RAILWAY INDUSTRY OPERATING SUBSTANTIALLY LESS THAN FULL CAPACITY. ANY OFFIER THAT WOULD INCREASE CAPACITY UTILIZATION AND PROVIDE NECESSARY FINANCING WOULD BE ATTRACTIVE TO INDUSTRY. OCTENJAK SAID PULLMAN DEAL COMBINED WITH PARTIAL EXIM

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FINANCING WOULD YIELD LOWER PRODUCTION COSTS PER FREIGHT CARS

AS COMPARED WITH ALTERNATIVES THAT COULD BE DEVELOPED WITH WEST EUROPEAN COMPETITORS.

3. BUJE REPRESENTATIVE PLANNING MAKE SOME RECOMMENDATIONS TO PULLMAN FOLLOWING RECEIPT OF LETTER CONTAINING CONDITIONS MENTIONED PARA 1. HIS PRELIMINARY THINKING WAS THAT PULLMAN SHOULD GIVE A POSITIVE RESPONSE TO THE LETTER AND MAKE CONCRETE OFFER.

4. WE EXPRESSED DISAPPOINTMENT ABOUT DEVELOPMENTS REPORTED BY OCTENJAK AND REQUESTED HIM TO SEND US (A) COPY OF THE LETTER TO PULLMAN, (B) COMPARATIVE COST DATA ON PULLMAN AND WEST EUROPEAN COMPETITORS, AND (C) AVAILABLE INFORMATION ON EUROPEAN FINANCING TERMS. WE TOLD OCTENJAK THAT ON BASIS OF THIS INFORMATION THE EMBASSY WOULD BE PREPARED TO DISCUSS CASE WITH APPROPRIATE YUGO-SLAV AUTHORITIES IF PULLMAN THOUGHT THIS WOULD BE HELPFUL. OCTENJAK SAW NO NEED FOR EMBASSY ACTION PRIOR RECEIPT OF THIS MATERIAL BUT MERELY WISHED TO INFORM US ABOUT DEVELOPMENTS PARTICULARLY IN VIEW OF EXIM INVOLVEMENT.  
TOON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 SEP 1973  
**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Subject:** PULLMAN-STANDARD NEGOTIATIONS  
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